



**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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December 2, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM:

Wendy L. Watanabe
Auditor-Controller

SUBJECT: **WESTSIDE CHILDREN'S CENTER - A FOSTER FAMILY AGENCY
FOSTER CARE CONTRACT PROVIDER - FISCAL REVIEW**

At the request of the Department of Children and Family Services (DCFS), we reviewed the fiscal operations of Westside Children's Center (Westside, or Agency) from July 1, 2009 through June 30, 2010. DCFS contracts with Westside for the Agency to provide Foster Family Agency (FFA) services to recruit, certify, train, and support foster family homes. Westside is located in the Second Supervisorial District.

At the time of our review, Westside had 49 children placed by Los Angeles County in 28 certified foster homes. DCFS paid Westside between \$1,430 and \$1,679 per child per month, for a total of \$358,602. Westside paid \$150,163 (42%) directly to the foster parents, which exceeds the State's minimum requirement of 40%.

The issuance of our report to your Board was delayed in part by changes in federal and State regulations regarding possible repayment of questioned costs from fiscal audits. To enable Westside to begin taking corrective action as soon as possible, we discussed the findings and recommendations from our review with Agency management on March 2, 2011.

Summary of Findings

We identified \$1,829 in unsupported/inadequately supported expenditures. Westside also needs to strengthen its controls over payroll/personnel records, disbursements, deposits, bank reconciliations, and fixed assets, and needs to comply with the contract insurance requirements. The Agency also needs to prepare and submit Semi-Annual

Expenditure Reports and its cost allocation plan to DCFS, as required by the FFA contract. Details of our findings are discussed in Attachment I.

We have recommended that DCFS resolve the questioned costs and collect any disallowed amounts. DCFS should also ensure that Westside management takes action to address the recommendations in the report, and monitor to ensure that the actions result in permanent changes.

Review of Report

We discussed our report with Westside management and DCFS on August 4, 2011. The interval between that date and the issuance of this report includes a mandatory 90-day waiting period to allow the Agency to appeal the findings. The Westside's response, which is incorporated into DCFS' Fiscal Corrective Action Plan (Attachment II), indicates the Agency's general agreement with our findings and recommendations, and that the Agency will repay the \$1,829 in questioned costs.

This audit is not intended to be, and does not constitute, the discovery or identification of an overpayment for purposes of the federal Improper Payments Act, related California State laws, including but not necessarily limited to Welfare and Institutions Code sections 11466.23, 11466.235, 11466.24, etc., nor State regulations intended to implement either the federal Improper Payments Act or related provisions in State law. This audit is intended solely to assist DCFS in managing its contractual relationships. Consequently, this report will be forwarded to DCFS, in order that it might take further action, as it deems appropriate, based on its contents. Such further action may, or may not, include the discovery or identification of an overpayment for purposes of federal or State law.

We thank Westside's management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Campbell at (213) 253-0101.

WLW:JLS:RGC:MWM

Attachments

c: William T Fujioka, Chief Executive Officer
Philip L. Browning, Interim Director, DCFS
Cal Remington, Acting Chief Probation Officer
Reaver E. Bingham, Deputy Chief, Probation Department
Cynthia McCoy-Miller, Administrative Deputy, DCFS
Heather Carrigan, Executive Director, Westside Children's Center
Board of Directors, Westside Children's Center
Cora Dixon, Bureau Chief, Foster Care Audits Bureau, CA Dept of Social Services
Commission for Children and Families
Public Information Office
Audit Committee

Westside Children's Center
Foster Family Agency Contract Provider
Fiscal Review

REVIEW OF EXPENDITURES/REVENUES

We identified \$1,829 in unsupported/inadequately supported expenditures. Details of these expenditures are discussed below.

Applicable Regulations and Guidelines

Westside Children's Center (Westside, or Agency) is required to operate its Foster Family Agency (FFA) in accordance with the following federal, State, and County regulations and guidelines:

- FFA Contract, including the Auditor-Controller Contract Accounting and Administration Handbook (A-C Handbook)
- Federal Office of Management and Budget Circular A-122, Cost Principles for Non-Profit Organizations (Circular A-122)
- California Department of Social Services Manual of Policies and Procedures (CDSS-MPP)
- California Code of Regulations, Title 22 (Title 22)

Unsupported/Inadequately Supported Expenditures

A-C Handbook Section A.3.2 states that all expenditures shall be supported by original vouchers, invoices, receipts, or other supporting documents, and that unsupported expenditures will be disallowed upon audit. We identified \$1,829 in unsupported and inadequately supported credit card charges, and telephone and postage payments. The Agency provided credit card statements, but no itemized invoices/receipts, or the invoices/receipts provided did not substantiate that the expenditures were FFA-related.

Recommendations

1. **DCFS management resolve the \$1,829 in unsupported/inadequately supported expenditures, and collect any disallowed amounts.**

Westside management:

2. **Ensure that foster care monies are used for allowable expenditures to carry out the purpose and activities of the FFA Program.**

3. **Maintain adequate supporting documentation for all Agency expenditures, including original itemized invoices and receipts.**

CONTRACT COMPLIANCE AND INTERNAL CONTROLS

We noted several contract compliance issues and internal control weaknesses. DCFS should ensure that Westside management takes action to address each of the contract compliance and internal control recommendations in this report. DCFS should also monitor to ensure the actions result in permanent changes.

Payroll/Personnel Controls

CDSS-MPP Section 11-402 requires that supporting documentation be maintained for all program expenditures, including salary rates. In addition, A-C Handbook Section B.3.1 states that timecards or time reports must be prepared for each pay period, and all timecards or time reports must be signed by the employee and the supervisor to certify the accuracy of the reported time.

We reviewed seven employee personnel files, and noted that four (57%) did not contain the employees' current authorized salary rates. However, we determined the employees' salary rates were reasonable based on the Child Welfare League of America (CWLA) Salary Study.

We also reviewed 13 timecards for the seven employees and noted the following:

- 11 (85%) timecards were not signed by the employee.
- Two (15%) timecards were not signed by the supervisor.
- One (8%) timecard was not provided.

Recommendations

Westside management:

4. **Ensure personnel files contain current salary rates approved by management.**
5. **Ensure timecards are prepared for all employees each pay period, and that all timecards are signed by the employee and the supervisor to certify the accuracy of the reported time.**

Disbursement Controls

A-C Handbook Section B.2.1 requires all supporting documentation to be marked "paid", or otherwise canceled, to prevent reuse or duplicate payments. Westside did not mark invoices/receipts "paid" for any of the 20 disbursements we reviewed.

Recommendation

- 6. Westside management ensure that supporting documentation is marked "paid", or otherwise canceled, to prevent reuse or duplicate payments.**

Untimely Deposits

A-C Handbook Section B.1.2 states that cash receipts totaling \$500 or more shall be deposited within one day of receipt. Collections of less than \$500 may be held and deposited weekly, or when the total reaches \$500, whichever occurs first.

We noted 38 warrants, totaling \$32,751, that were deposited into the Agency's bank account an average of 12 days after the issuance dates. Four of these warrants were deposited 29 days or more after the issuance date. To improve cash flow and ensure that warrants are not lost or stolen, Westside should deposit County warrants timely, and consider having County payments deposited electronically directly into the Agency's bank account.

Recommendation

- 7. Westside management ensure that Los Angeles County warrants are deposited timely, and consider having its County payments deposited directly into the Agency's bank account.**

Bank Reconciliations

A-C Handbook Section B.1.4 states that bank reconciliations should be prepared within 30 days of the bank statement date, and reviewed by management for appropriateness and accuracy. The bank reconciliations should be signed and dated by both the preparer and the reviewer.

We reviewed all of the Agency's general and payroll bank reconciliations for our review period, and noted they were not dated by the preparer or the reviewer. As a result, we were unable to determine whether the bank reconciliations were prepared and reviewed timely.

Recommendation

8. **Westside management prepare monthly bank reconciliations within 30 days of the bank statement date, and ensure that the reconciliations are signed and dated by the preparer and reviewer.**

Fixed Assets Listing

A-C Handbook Section B.4.2 requires that agencies keep a current listing of fixed assets, including the item description, serial number, date of purchase, acquisition cost, and source(s) of funding used to purchase the asset. In addition, an inventory of all fixed assets should be conducted at least once each year to ensure that fixed assets are accounted for, and maintained in proper working order.

While Westside does maintain a fixed asset listing, it does not include serial numbers, acquisition cost, or source(s) of funds used to purchase the asset. We also noted that the Agency does not inventory its fixed assets at least once a year, as required. The Agency should ensure its fixed asset listing contains all the information required by the A-C Handbook, and that it conducts an inventory of fixed assets at least once each year.

Recommendation

9. **Westside management ensure its fixed asset listing includes serial numbers, acquisition cost, and the source(s) of funds; and inventory fixed assets at least once each year to ensure that all fixed assets are accounted for and maintained in proper working order.**

Insurance Requirements

The FFA Contract Section 5.1.1.3 requires agency insurance policies to expressly indicate that the County must be given written notice by mail at least 30 days before the cancellation of any policy. The Agency's workers' compensation insurance policy does not expressly require that the County be given 30-days written notice of cancellation.

Recommendation

10. **Westside management ensure the Agency's insurance policy include a requirement that the County be given 30-day advance written notice of policy cancellation.**

Reporting Requirement

The FFA Contract Section 17.2.4 requires agencies to prepare and submit Semi-Annual Expenditure Reports to DCFS within 60 days after the end of each semi-annual reporting period. FFA Contract Section 25.2 also requires agencies to prepare and submit their cost allocation plans to DCFS each year by August 1st. Westside has not submitted its Semi-Annual Expenditure Reports for the periods ending December 30, 2009, and June 30 2010. In addition, although Westside prepared a cost allocation plan for our review period, they did not submit the plan to DCFS as required.

Recommendations**Westside management:**

- 11. Submit Semi-Annual Expenditure Reports for the periods ending December 30, 2009, and June 30, 2010 to DCFS, as required.**
- 12. Submit a cost allocation plan to DCFS.**
- 13. Ensure that required reports and documentation is submitted to DCFS timely.**



PHILIP L. BROWNING
Interim Director

**County of Los Angeles
DEPARTMENT OF CHILDREN AND FAMILY SERVICES**

425 Shatto Place, Los Angeles, California 90020
(213) 351-5602

October 14, 2011

Heather Carrigan, Executive Director
Westside Children's Center
5721 W. Slauson, #120
Culver City, CA 90230

Board of Supervisors
GLORIA MOLINA
First District
MARK RIDLEY-THOMAS
Second District
ZEV YAROSLAVSKY
Third District
DON KNABE
Fourth District
MICHAEL D. ANTONOVICH
Fifth District

Dear Ms. Carrigan:

**AUDITOR-CONTROLLER'S FISCAL REVIEW OF WESTSIDE CHILDREN'S CENTER - A
FOSTER FAMILY AGENCY FOSTER CARE CONTRACT PROVIDER**

We have reviewed your fiscal corrective action plan (FCAP) in response to the Auditor Controller's fiscal audit report for the period of July 1, 2009 through June 30, 2010. The FCAP fully addresses the audit report 13 recommendations (see Attachment I). In addition, the one recommendation directed to DCFS was fully addressed.

DCFS requires that Westside Children's Center, as agreed to, submit a check drawn on non-foster care funds in the total amount of \$1,829.00. Please make your checks payable to DCFS Cashier and mail to:

Latisha Thompson, ASM III
Department of Children and Family Services
425 Shatto Place Rm. 304
Los Angeles, Ca. 90020

The Department requires that you identify the source of the funds from which payment will be made.

If you have any questions, please contact Ali Gomaa-Mersal of my staff at (213) 351-3209.

Sincerely,

A handwritten signature in cursive script, appearing to read "Latisha Thompson".

Latisha Thompson, ASM III
Fiscal Monitoring and Special Payments

Attachment

- c: Mike McWatters, Chief Accountant-Auditor (via electronic mail only)
Sandra Gomez, Principal Accountant-Auditor (via electronic mail only)

"To Enrich Lives Through Effective and Caring Service"

ATTACHMENT I

FISCAL REVIEW OF WESTSIDE CHILDREN'S CENTER - A FOSTER FAMILY AGENCY FOSTER CARE CONTRACT PROVIDER

Note: Department of Children and Family Services (DCFS) will only review documentation not previously provided to the Auditor-Controller.

Summary of Recommendations

Based on the FCAP dated 10 October 7, 2011, submitted by Westside Children's Center, status of each recommendation is summarized as follows:

- 13 Recommendations (1 - 13) were fully addressed.
- Recommendations () were partially addressed.
- 1 Recommendation (1) directed to the Department was addressed.

Recommendation Status

1. **DCFS management resolve the \$1,829 in unsupported/inadequately supported expenditures and collect any disallowed amounts.**

Agency Proposed FCAP: WCC will issue the check for \$1,829..

DCFS Response: DCFS requires that Westside Children's Center, as agreed to submit a check drawn on non-foster care funds in the total amount of \$1,829.00. Please make your checks payable to DCFS Cashier and mail to:

Latisha Thompson, ASM III
Department of Children and Family Services
425 Shatto Place Rm. 304
Los Angeles, Ca. 90020

The Department requires that you identify the source of the funds from which payment will be made.

2. **Westside management ensure that foster care monies are used for allowable expenditures to carry out the purpose and activities of the GH program.**

Agency Proposed FCAP: We will ensure that foster care funds are never utilized for any other program.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

3. **Westside management maintain adequate supporting documentation for all Agency expenditures, including original itemized invoices and receipts.**

Agency Proposed FCAP: We will maintain adequate documentation as required.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

4. **Westside management ensure personnel files contain current salary rates approved by management.**

Agency Proposed FCAP: WCC will make sure that all personnel files are kept up to date per guidance.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

5. **Westside management ensure timecards are prepared for all employees for each pay period, and that all timecards are signed by the employee and the supervisor to certify the accuracy of the reported time.**

Agency Proposed FCAP: We will ensure that timecards are prepared and signed for all.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

6. **Westside management ensure that supporting documentation is marked "paid", or otherwise canceled to prevent reuse or duplicate payments.**

Agency Proposed FCAP: WCC will take necessary steps to stay in compliance with guidelines.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

7. **Westside management ensure that Los Angeles County warrants are deposited timely, and consider having its County payments electronically deposited directly into the Agency's bank account.**

Agency Proposed FCAP: WCC will make all efforts possible to see that no delays happen.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

8. **Westside management prepare monthly bank reconciliations within 30 days of the bank statement date and ensure that the reconciliations are signed and dated by the preparer and reviewer.**

Agency Proposed FCAP: WCC will make sure that the BRS are signed in 30 days as required.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

9. **Westside management ensure its fixed asset listing includes serial numbers, acquisition cost and source(s) of funds, and inventory fixed assets at least once each year to ensure that all fixed assets are accounted for and maintained in proper working order.**

Agency Proposed FCAP: WCC will make sure that all steps are taken to stay in compliance with guidance.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

10. **Westside management ensure the Agency's insurance policy include a requirement that the County be given 30 day advance written notice of policy cancellation.**

Agency Proposed FCAP: We have contacted our insurance broker to make the change.

DCFS Response: DCFS accepts the agency's response. Please submit a copy of the new insurance policy to the Fiscal Monitoring Unit.

11. **Westside management submit Semi-Annual Expenditure reports for the periods ending December 30, 2009 and June 30, 2010 to DCFS, as required.**

Agency Proposed FCAP: WCC will submit semi annual expenditure reports.

DCFS Response: DCFS accepts the agency's response.

12. **Westside management submit a cost allocation plan to DCFS.**

Agency Proposed FCAP: **Subject:** WCC will submit the cost allocation plan

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.

13. **Westside management ensure that required reports and documentation is submitted to DCFS timely.**

Agency Proposed FCAP: WCC will submit required reports on time.

DCFS Response: DCFS accepts the agency's response. Please submit Board-approved policies/procedures that ensure compliance with the recommendation.